



PSC NEWS

Missouri Public Service Commission

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NATURAL GAS RATES TO DROP FOR MISSOURI GAS ENERGY CUSTOMERS

JEFFERSON CITY--To reflect estimated changes in the cost of natural gas for the remaining winter season, natural gas customers of Missouri Gas Energy will experience a reduction in natural gas rates under a filing reviewed and accepted by the Missouri Public Service Commission. This rate change will take effect on March 4, 2005.

A residential customer currently pays approximately 83 cents per Ccf (per 100 cubic feet of gas). Under this filing, the rate will drop to approximately 68.6 cents per Ccf (per 100 cubic feet of gas), a decrease of approximately 14.4 cents per Ccf. Under this filing, natural gas rates for a typical residential heating customer will drop by approximately \$23 (14%) in March.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for its customers.

Missouri Gas Energy serves approximately 500,000 natural gas customers in western Missouri.